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IN THE

Supreme Court of the United States

October Term, 1951
No. 738

THE PATENT SCAFFOLDING CO., INC., a corporation,
Petitioner-Defendant,

v.

UP-RIGHT, INC., a corporation, and
WALLACE J. S. JOHNSON, an individual,
Respondents-Plaintiffs.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

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No.

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Petitioner-Defendant,

v.

UP-RIGHT, INC., a corporation, and
WALLACE J. S. JOHNSON, an individual,

Respondents-Plaintiffs.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled case on January 31, 1952, dismissing the appeal in part by the petitioner-defendant from the judgment entered in the U. S. District Court of San Francisco, Cal. (R. p. 361).

Opinion Below

The opinion of the Court of Appeals is printed on R. p. 353. It is reported in Advance Pamphlet No. 3 of April 7, 1952, 194 F. 2d 457.

Pertinent Papers

The motion to dismiss the appeal in the Court of Appeals below is printed on R. p. 351.

The judgment dismissing the appeal is printed on R. p. 361.

The final judgment n.o.v. is printed on R. p. 52.

The findings of fact and conclusion of law for the final judgment are printed on R. p. 51.

The motion for judgment n. o. v. is printed on R. pp. 34 to 40.

The judgment on verdict is printed on R. pp 46-47.

The orders vacating the judgment on verdict are printed on R. pp. 49-50.

Jurisdiction

The jurisdiction of this Court is invoked under 28 U. S. C. Section 1254 (1).

The judgment of the Court of Appeals of the Ninth Circuit was entered on January 31, 1952; and this petition has been filed within ninety days thereof—mandate having been stayed.

Question Presented

Where a patentee sues a competitor-manufacturer for infringement of a simple patent, and under the answer and counterclaim, both validity and infringement were contested at the trial, the alleged infringer is entitled to a complete adjudication on both elements of the controversy, instead of a holding of non-infringement only, and a Circuit Court of Appeals was in error in dismissing defendant's appeal in part, praying for a holding also on validity.

Being a matter of law, the appellate court could have examined into the patent in suit according to the foregoing. Argument on the validity is not made in this petition but is reserved to the hearing, if granted.

Statement of the Case

Plaintiffs-respondents filed their complaint in equity alleging ownership of U. S. Letters Patent No. 2,438,175, for a Portable and Collapsible Scaffolding Unit and charging infringement of all of its claims by defendant-petitioner (R. p. 1). Petitioner is a maker and seller of competitive scaffolding. Answer asserting grounds for invalidity and denying infringement was filed (R. p. 4), with a counterclaim under the Declaratory Judgment Act, alleging (1) that no infringement occurred or was possible, and (2) that the filing of the suit had injured defendant's trade standing, with a prayer for a judgment invalidating the patent in suit, even though non-infringed. (R. p. 7.) A reply to the merits was filed (R. p. 9).

Plaintiffs-respondents then moved and, with leave obtained, filed an Amended and Supplemental Bill (R. pp. 11, 12), substantially like the original bill in equity but without prayer for injunction, asking only for damages, thus converting the case into a jury case (R. p. 14). Substantially the same answer, again asserting non-validity and non-infringement with substantially the same counterclaim, was filed (R. pp. 16, 24), to which counterclaim plaintiffs-respondents again replied on the merits (R. p. 22).

After open court trial of the issues (R. pp. 55-350), the jury's verdict (R. p. 34) and the judgment thereon (R. p. 46) held the patent valid and infringed, and awarded damages to the date of the verdict (R. p. 47).

Defendant-petitioner moved for judgment notwithstanding the verdict (having during the trial moved for a directed verdict on the ground that both of the elements of the con-

troversy were matters of law, R. p. 34), and also moved for a new trial (R. p. 41), urging in both motions as grounds therefor that the patent was invalid, and that no infringement had been proven. The District Judge sustained the motion for judgment n. o. v. on the latter ground, vacated the verdict (R. p. 50), and ordered judgment entered for defendant-petitioner upon findings of non-infringement (R. p. 51). The motion for a new trial was also granted, subject to the disposition of the appellate court on the judgment n. o. v. (R. p. 50), and has no relevancy on the matter here involved.

Plaintiffs-respondents did not appeal.

From the judgment n. o. v. as entered (R. p. 52), defendant-petitioner appealed, in part, to the Court of Appeals stating in its notice that it did so because the judgment "(1) fails to adjudicate and determine the issue as to validity of the alleged patent in suit, (2) fails to adjudicate and determine the issues presented by defendant's counterclaim and grant defendant the relief therein prayed for." (R. p. 53.) This appeal in part did not ask that the findings of the non-infringement judgment be changed, but endeavored only to obtain a complete judgment. As the facts could not be in dispute, the patent and prior art being of the utmost simplicity, the Court of Appeals could have proceeded without additional findings. This was particularly so because it was claimed in the motion for judgment n. o. v. that the patent was (a) void on its face, for failure to describe that one end frame was higher than the other, an essential to the disclosure (see 4888 of the Patent Act), (b) void for overclaiming by claiming an entity, instead of the improvement asserted in the specification (Patent in suit), and (c) void for non-invention. (*The Great Atlantic & Pacific Tea Co.* v. *Super-Market Equipment Corp.*, 340 U. S. 147 (1950).)

A motion to dismiss the appeal was filed in the Court of Appeals (R. p. 351) and was granted.

Specification of Errors

The Court of Appeals (hereinafter referred to as the Ninth Circuit) erred:

1. In construing the holding[1] of this Court in the case of *Sinclair & Carroll Co., Inc.* v. *Interchemical Corp.*, 325 U. S. 327, 89 L. ed. 1644, as merely "a cautionary admonition" (Opinion, R. p. 360), thereby following a case of the Second Circuit,[2] which was based on an incomplete citation of the rule, omitting the cases cited and the essential phrase,[3] instead of as a direction to decide validity, as the Sixth and Seventh Circuits understood.[4]

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[1] "There has been a tendency among the lower Federal courts in infringement suits to dispose of them where possible on the ground of non-infringement without going into the question of validity of the patent. *Irvin* v. *Buick Motor Co.* (C. C. A. 8th) 88 F. (2d) 947, 951; *Aero Spark Plug Co.* v. *B. G. Corp.* (C. C. A. 2d) 130 F. (2d) 290; *Franklin* v. *Masonite Corp.* (C. C. A. 2d) 132 F. (2d) 800. It has come to be recognized, however, that of the two questions, validity has the greater public importance, *Cover* v. *Schwartz*, 133 F. (2d) 541 (C. C. A. 2), and the District Court in this case followed what will usually be the better practice by inquiring fully into the validity of this patent".

[2] *Harries* v. *Air King Products Co.*, 183 F. 2d, 158, 161 (2 Cir. 1950).

[3] "validity has the greater public importance."

[4] *Pennington Engineering Co.* v. *Spicer Mfg. Corporation*, 165 F. 2d 59 (6 Cir. 1947), and *Holland Co.* v. *American Steel Foundries*, 190 F. 2d 37 (7 Cir. 1951).

2. In assuming that the District Court first decided it could not sustain the motion for judgment n. o. v. on the ground that the patent was invalid, in the absence of an entry on this subject by the District Judge. (Opinion, p. 359.)

3. In failing to hold the appeal and to examine into the validity of the patent as a matter of law, under *United States* v. *Esnault-Pelterie*, 303 U. S. 26, 30, 82 L. ed. 625[1]; *The Great Atlantic & Pacific Tea Co.* v. *Super-Market Equipment Corp., supra;* or to remand the case.

4. In failing to hold the appeal and decide on the merits the counterclaim which was sufficient to bring the issue of the invalidity of the patent before the court; the core of the charge being misuse of the patent, the method by which monopoly is sought being immaterial;[2] in erroneously differentiating the case at bar from *Altvater* v. *Freeman*, 319 U. S. 359, 63 S. Ct. 115, 87 L. ed. 1450, on secondary matters (Opinion, p. 356) instead of following its principle, and that of *Sola Electric Co.* v. *Jefferson Electric Co.*, 317 U. S. 173, 87 L. ed. 165.

5. In not holding the case at least to direct the reforming of the judgment, under the case of *Electrical Fittings*

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[1] "that with all the evidence before the court, it appears that no substantial dispute of fact is presented, and that the case may be determined by a mere comparison of structures and extrinsic evidence is not needed for purposes of explanation, or evaluation of prior art, or to resolve questions of the application of descriptions to subject-matter, the questions of invention and infringement may be determined as questions of law."

[2] *Altoona Pub. Theatres* v. *Am. Tri-Ergon Corp.*, 294 U. S. 477-493; 79 L. ed. 1005, 1016; *Morton Salt Company* v. *G. S. Suppinger*, 314 U. S. 488; 86 L. ed. 363; *B. B. Chemical Co.* v. *Elmer A. Ellis, et al.*, 314 U. S. 495; 86 L. ed. 367; *U. S.* v. *Univis Lens Co.* (1942), 316 U. S. 241; 86 L. ed. 1418, 1419.

v. *Thomas & Betts Co.*, 307 U. S. 241 (1939), 59 S. Ct. 860, 83 L. ed. 1263, and in accordance with the *Interchemical* case.

6. In holding that defendant was not aggrieved and in failing to give defendant complete relief, as equity requires, to conform the judgment to the pleadings and to the proofs in support thereof. The single indivisible controversy (which is still raging) leaves undetermined the existence of the monopoly, the more important element of the controversy. (See dissent of Mr. Justice Black, in *Exhibit Supply Co.* v. *Ace Patents Corp.*, 315 U. S. 126, 86 L. ed. 736 (1942), with whom Mr. Justice Douglas concurred, urging invalidity of the patent, though defendant did not raise that point, as stated by Chief Justice Stone in his opinion.)

7. In disregarding the fundamental principle—that the public interest is paramount—(see its own case, *Jacuzzi Bros., Incorporated* v. *Berkeley Pump Co.*, 191 F. 2d 632, 635 (9 Cir., July 23, 1951), decided about three months before argument).

Reasons for Granting the Writ

I.

The Conflict.

(a) The Ninth Circuit decision is in conflict, in principle, with the direction of the *Interchemical* case (*Sinclair & Carroll Company* v. *Interchemical Corp.*, 325 U. S. 327-335 (May 1945)), decided by a unanimous court.

The Ninth Circuit did not say why the case at bar does not come within what will usually be the "better practice".

The *Interchemical* case, we submit, was not a "cautionary admonition". But even if it be regarded as admonitory, the admonition was not followed.

The Ninth Circuit opinion quoted from the *Interchemical* direction, omitting the important citations, but did not follow it. Instead it considered the dictum of the *Harries* v. *Air King Products Co.*, 183 F. 2d 158 (2 Cir., 1950), case to be controlling, quoting it as follows:

> "The passage we have just quoted from *Sinclair & Carroll Co.* v. *Interchemical Corp., supra,* was certainly not put in the form of a peremptory direction, but rather of a cautionary admonition to be followed when that is the more convenient course * * *."[1]

The lower court relied also on the dictum in the case of *Helbush* v. *Finkle,* 170 F. 2d 41, 42 (9 Cir., 1948): " 'We do not hold that the question of validity must be determined in every patent infringement case in which it is raised.' "

In the *Harries* case, the District Court inquired fully into the elements of validity and infringement, and the Court of Appeals passed on both elements.

In the *Helbush* case, the Court of Appeals remanded the case to decide validity, on a judgment holding only that the element of infringement was negatived. This was not followed by the Ninth Circuit. The *Interchemical* direction, hereinafter called "rule", is not dictum, we submit, and it was made without any restriction imposed on it. It was made in a case where the validity and infringement elements were fully inquired into by the District Court and by the Court of Appeals (though opposite in their conclusions). It is in symmetry with the matter decided.

The *Interchemical* rule is in consonance with fundamentals of the law of patents (controversies in patent cases involve the existence of the monopoly, Robinson on *Patents,*

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[1] The passage as quoted by the Second Circuit, omitted the citations and the essential part of the direction that "validity has the greater public importance."

Vol. III, p. 12, Sec. 857); and the franchise consists in the right to exclude others (Walker on *Patents* (Deller's Ed.), Vol. III, Sec. 450).

The salutary direction of the *Interchemical* case was variously interpreted by the First, Third, Fourth, Sixth, Seventh, Ninth and Tenth Courts,[1] and by Judge Clark, in his dissent in the Second Circuit, in the case of *Addressograph-Multigraph Corp.* v. *Cooper,* 156 F. 2d 483 (2 Cir., 1946), and in his statement in *McCurrach* v. *Cheney Bros.,* 152 F. 2d 365 (2 Cir., 1946).

It is urged that it does apply to the case at bar,[2] wherein the answer and counterclaim asserted invalidity, proofs were taken at the trial in support thereof, and the point was raised in and briefed pro and contra on the motion for judgment n. o. v. No reason appears in the District Court or in the Ninth Circuit Court, why an inquiry into the invalidity is not within "what will usually be the better practice", the simple question on invention being whether in a structure of old parts, an inclined ladder constitutes invention.

(b) The decision below is in conflict with the decision of another case in the Ninth Circuit.

This case is the *International Carbonic Engr. Co.* v. *Natural Carbonic Products, Inc.,* 57 F. Supp. 248 (D. C. S. D. Cal., 1944), affd. 158 F. 2d 285, prior to the *Interchemical* case. Judge Jenney in the lower court gave

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[1] Please see Appendix 1.

[2] Whether the Interchemical rule has application to cases wherein the defendant does not question the validity of the patent is beside the point of this petition. However, in *Booth Fisheries Corp.* v. *Gen'l Foods Corp.,* 48 F. Supp. 313 (D. C. D. Del), the court decided the validity element though counsel waived it. Also, where plaintiff withdrew his patent, Judge Woolsey nevertheless passed on its validity, *Knaust Bros. Inc.* v. *Goldschlag et al.,* 28 F. Supp. 188 (S. D. N. Y., 1939); aff. per Curiam, 119 F. (2d) 1022 (2 Cir., 1941).

cogent reasons, including multiplicity of suit, for passing on the validity element of the controversy.

The Ninth Circuit is also contra to: *Oliver-Sherwood Co.* v. *Patterson-Ballagh Corp.*, 95 F. 2d 70 (9 Cir., 1938); *Marchus* v. *Druge*, 136 F. 2d 602 (9 Cir., 1943); *Petersen* v. *Coast Cigarette Vendors*, 131 F. 2d 389, 391 (9 Cir., 1942); *Peveley Dairy Co.* v. *Borden Printing Co.*, 123 F. 2d 17, 20 (9 Cir., 1941).

It is also contrary to the holding of the *Helbush* v. *Finkle* case, *supra.*

(c) The Ninth Circuit decision is in conflict with decisions in other circuits. These are: *Pennington Engineering Co.* v. *Spicer Mfg. Co.*, 165 F. 2d 59, 61 (6 Cir., 1947); and *Holland Co.* v. *American Steel Foundries*, 190 F. 2d 37 (7 Cir., 1951), decided in accordance with the *Interchemical* rule. As to the *Pennington* case, Judge L. Hand, in the *Harries* case, made this statement: "Perhaps it (the Supreme Court) meant to go so far". Also: *Kool Kooshion Mfg. Co.* v. *Mitchell Mfg. Co.*, 102 F. 2d 37 (8 Cir., 1939); *Herman Body Co.* v. *St. Louis Body & Equipment Co.*, 46 F. 2d 879 (8 Cir., 1939).

(d) The Court below said: "The precise question presented to us is, so far as we can ascertain, entirely novel. It involves the question of the right of the appellant to call upon us to make or require additional findings upon the question of the validity of appellee's patent". (Opinion, R. 359.)

Petitioner did not ask for a change or increase or review of the non-infringement finding already made as in the case cited in the footnote of the *Electrical Fittings* case,[1] where in *Lindheimer* v. *Illinois Bell Telephone Co.*, 292 U. S. 151, 78 L. ed. 1182, an attempt was made to increase the finding relating to recovery. Petitioner, in contrast, asked only for a finding on the other element of the controversy, to wit: validity, to conform with the *Interchemical* rule.

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[1] *Electrical Fittings* v. *Thomas & Betts*, 307 U. S.241, 83 L. ed. 1126.

II.

The Confusion.

(a) The Ninth Circuit opinion is a subtle erosion of the *Interchemical* rule.

So is the dictum of the *Harries* case.

So is the dictum of *Helbush* v. *Finkle.*

It is elementary, of course, that an opinion must be construed in the light of the cases cited therein. The *Interchemical* rule, when read, without the citations, as the quotation in the Ninth Circuit opinion shows, may lead to a wrong conclusion, and read without the citations and without an essential phrase thereof, as in the *Harries* case, may lead to the same conclusion, contrary to that clearly announced by the *Interchemical* rule.

Judge Frank in his dissent in *Wabash* v. *Ross,* 187 F. 2d 577, 597 (2 Cir., 1951), limits his view of the *Interchemical* rule as follows: "• • • With that interpretation [referring to the *Harries* case] I wholly agree; for it regards as mandatory an exploration of the validity of a non-infringed patent where, but only where, the evidence shows that the patent is a 'scarecrow'." Clearly, the *Interchemical* rule is not so restricted. But, in any event the undecided patent in the case at bar is a scarecrow to the public, *Bresnick* v. *U. S. Vitamin Corp.,* 139 F. 2d 239, 242.

These various views and many others have increased rather than diminished the "difficulty" mentioned in the Ninth Circuit opinion (R. 356) "in arriving at a conclusion as to just how mandatory is the procedure suggested as the 'better practice' in *Sinclair Co.* v. *Interchemical Corp., supra*".

But the *Interchemical* rule is free of any alternatives, and is fair to both litigants where validity is contested. If the patent is invalid, the defendant is entitled to be free forever of its threat whatever the variants of its structure may be.

Rule 52a requires the District Judge to make findings on all of the elements of a controversy to enable the appellate court to have all the facts before it. The appeal judge should not be permitted to select non-infringement as the easiest way out.

(b) The Ninth Circuit sanctioned the departure of the District Court from the accepted and usual course of judicial proceedings. It failed to require that the District Court adjudge the validity element, as well as non-infringement.

The error of reasoning in some cases that a dismissal of the complaint gives a defendant all the relief to which he is entitled, overlooks that in a patent infringement suit an indivisible cause of action is in controversy, requiring a decision on both elements, and that in equity a judgment must be on all points raised by the pleadings and proofs.[1] Then the judgment acts as *res adjudicata* between the parties in a subsequent suit. (*Pakas* v. *Hollingshead,* 184 N. Y. 211; *Knowlton* v. *N. Y. & New England R. R. Co.,* 147 Mass. 606; *Oklahoma* v. *Texas,* 256 U. S. 70.) A dismissal on non-infringement, without passing on the validity, assumes the validity of the patent. As validity, or the monopoly or the franchise, is of first importance in such a controversy, validity should never be assumed.

(c) The question is important and far-reaching as thoroughly discussed in the many Law Reviews.

Prior to the *Interchemical* case, there appeared learned discussions in: 52 Yale L. J. 909-919 (1942-1943); 11 George Washington Law Review, 121 (1941); 12 George Washington Law Review, 107-109 (1942-1943), showing a labyrinth of confusion on the matter of deciding validity in a non-infringement case.

In that turmoil, clearer language cannot be found than that used by Judge Edgerton in *Gebhard, et al.* v. *General Motors Sales Corp., et al.,* 135 F. 2d 248 (Ct. App. D. C.,

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[1] *Reynolds* v. *Stockton,* 140 U. S. 254; 35 L. ed. 464, 469 (1891).

1943): "When the invalidity of a patent has been urged and clearly established in an infringement suit, the public interest is better served by a decision that the patent is invalid than by a decision that if it were valid it would not be infringed. * * *"; (before the *Interchemical* case). This view conforms to that of the Court of Appeals for the Third Circuit: "It (validity) inheres nonetheless in the charge of infringement". *Criddlebaugh* v. *Rudolph,* 131 F. 2d 795, 800 (3 Cir., 1942), citing *Densmore* v. *Scofield,* 102 U. S. 375, 378, 26 L. ed. 214, and to Judge Galston's statement, after the *Interchemical* case: "Infringement is interlocked with the question of validity", in "The Patent in Court Infringement", 11 F. R. D. 319 (1951).

After the decision in the *Interchemical* case (1945), the discussion was again vigorously taken up in 62 Harvard Law Review (1948-1949), pp. 521-523, and 61 Yale Law Journal (January, 1952), pp. 98-104.

No other point of patent law has had so much attention focused upon it.

(d) Irreparable injustice will result because of "cautionary admonition" interpretation. The public, including the petitioner, will be further confused and injured.

Preparation for and trial of the validity element of a patent case, is always more expensive and more exacting than resting merely on the element of non-infringement. While a plaintiff usually may not withdraw his suit, after answer, without the consent of the court, a plaintiff convinced of invalidity by the prior art set up in the answer, may fail to prove infringement, leaving plaintiff's patent intact just as if plaintiff had earlier withdrawn the suit. A similar result appears in the case at bar. Plaintiff did not appeal (erroneously called a cross appeal) (Opinion, R. p. 359) from the non-infringement holding of the District Court, leaving the legal status of the patent "clothed with the presumption of validity", to continue its claim to

monopoly as against the petitioner in the event of any variant in petitioner's non-infringing structure.

In the case at bar a controversy nevertheless still exists and should be disposed of (Chief Justice Hughes, *Aetna Life Ins. Co.* v. *Haworth,* 300 U. S. 227, at pages 240, 241, 81 L. ed. 617; *Kohloff* v. *Ford Motor Co.,* 29 F. Supp. 843, 844).

In considering whether petitioner is an aggrieved party, the Ninth Circuit Court did not refer to the fact that the answer set up invalidity very forcefully; that the motion for judgment n. o. v. reasserted invalidity; and that the invalidity point was argued at all times and the greater part of the evidence related to the issue of invalidity.

III.

The Interchemical rule should control.

(a) The protection of the public interest alone should be sufficient for the courts to examine into the validity element of the controversy.

A patent is a monopoly licensed by the United States, and the public interest is involved. The public should be relieved from an asserted monopoly. The public has a substantial interest in the granting of every patent. This dominant influence has been emphasized by this Court. (*Densmore* v. *Scofield,* 102 U. S. 375, 188; *Mercoid Corp.* v. *Mid-Continent Invest. Co.,* 320 U. S. 661, 88 L. ed. 376; *United Carbon Co.* v. *Binney & Smith Co.,* 317 U. S. 228, 87 L. ed. 232 (1942).)

(b) Troublesome questions have been raised. *Electrical Fittings* v. *Thomas & Betts Co.,* 307 U. S. 241, 83 L. ed. 1263, and *Altvater* v. *Freeman,* 319 U. S. 359, 87 L. ed. 1126, deserve an early and definitive clarification by this Court. The confused situation is ripe for reconsideration and possible overruling or limitation.

As appears from the opinion below, the *Altvater* case stated that invalidity was hypothetical after a holding of

non-infringement (Opinion foot-note, p. 354), but Judge Woodbury interprets this as "But logic notwithstanding, it does not follow that to hold a patent invalid if it is not infringed, is also to decide a hypothetical case". *Addressograph-Multigraph Corp.* v. *Cooper,* 156 F. 2d 483, 485 (2 Cir., 1946).[1]

Misunderstood also by the Ninth Circuit was the basis of the decision in the *Electrical Fittings* case. (Opinion, p. 354.) Elsewhere, Judge Chase construed that case merely to mean that a finding on validity may be in the findings and not in the judgment (*Wabash Corp.* v. *Ross Electric Corp.,* 187 F. 2d 577 (2 Cir., 1951) (cert. denied, 1951), but Judge Frank in his dissent maintained that the entire expunging was necessary.

Cover v. *Schwartz* (2nd Cir., 1941) 133 F. 2d 541, induced a dissent from Judge Clark, characterizing the earlier cases as a "hopeless procedural mess", and later he said that *Cover* v. *Schwartz* had embarrassed district judges. (*Addressograph-Multigraph Corp.* v. *Cooper,* 156 F. 2d 483, 485 (2 Cir., 1946.) See the criticisms of *Cover* v. *Schwartz* by Judge Simons (6 Cir., 1942) in *Dominion Electrical Mfg. Co.* v. *Edwin L. Wiegand,* 126 F. 2d 172.

(c) Uniformity, not diversity, is the requirement imposed on the lower courts for the proper functioning of the Federal judicial system.

A perspective view over almost all of the reported patent cases prior to the *Interchemical* case presents diversified practices on findings of non-infringement, or validity, or both. It is like an uncharted sea. There was no norm or measure by which judicial construction could be arrived at.

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[1] Citing *Hale* v. *General Motors Corp.,* 147 F. 2d 383, 388 (1 Cir.); *Grant Paper Box Co.* v. *Russell Box Co.,* 151 F. 2d 886, 890 (1 Cir.); *Sinclair & Carroll Co., Inc.* v. *Interchemical Corp.,* 325 U. S. 327, 330, 65 S. Ct. 1143, 89 L. ed. 1644.

It was not until the announcement of the *Interchemical* rule that enlightenment in the patent law practice as to the proper procedure was found.

If uniformity is to be achieved in patent cases wherein the element of validity is put in issue, as in the *Interchemical* case and in the case at bar, neither a District Court nor a Court of Appeals may determine the principle of procedure other than by the *Interchemical* rule.

Conclusion

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

April 25, 1952.

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Appendix 1

Various interpretations of the *Interchemical* case by Judges in nearly all of the Circuits.

First Circuit

In *Grant Paper Box Co.* v. *Russell Box Co.*, 151 F. 2d 886, 890 (1 Cir. Nov. 1945), Judge Woodbury, after referring to a "logical dilemma", and citing the *Interchemical* case, proceeded to pass on the validity question.

Vulcan Corp. v. *International Shoe Mach. Corp.*, 68 F. Supp. 990, 991 (D. C. D. Mass, Jan. 1946, Wyzanski, D. J.):

> "The remark of Mr. Justice Jackson in Sinclair Co. * * * that it will usually be the better practice * * * does not imply * * *".

Second Circuit

Wabash Corp. v. *Ross*, 187 F. 2d, 577 (2 Cir. 1951), Judge Chase:

> "Decision below apparently followed the 'better practice' as pointed out * * *".

Judge Frank (dissent):

> "Merely admonishes that patents shown by the evidence to be, 'zombis' must be held invalid * * * ".

Harries v. *Air King Products Co.*, 183 F. 2d, 158 (2 Cir. 1950):

At page 161:

> "In what cases a court may dispose of a patent infringement action upon the issue of non-infringement, recent decisions leave in some doubt, we must own".

At page 162:

> "One court has read this as a direction always to decide the issue of validity, [referring to Pennington v. Spicer, 165 F. 2d, 59, 61] and perhaps it meant to go so far. * * * The passage we have

quoted from Sinclair & Carroll Co. * * * was certainly not put in the form of a peremptory direction, but rather of a cautionary admonition, to be followed when that is the more convenient course * * * ".

Addressograph-Mult. Corp. v *Cooper,* 156 F. 2d, 483 (2 Cir. 1946, Woodbury, C. J.):

At page 487, Judge Clark (dissent):

"When Sinclair & Carroll Co. v. Interchemical Corp. * * * stressed the desirability of a decision as to the validity of a patent even where noninfringement is found, I had hoped that this would be the end of the confusing restrictions upon the full and free adjudication of patent cases implicit in the Cover Case, which, as I am informed, have embarrassed District Judges * * * ".

In *McCurrach* v. *Cheney Bros.,* 152 F. 2d, 365 (2 Cir. 1945, Judges Hand, Swan and Clark), Judge Clark in his "concurring" opinion (p. 368):

"Moreover, the Supreme Court has now admonished us not to avoid the issue of validity, and has stressed 'what will usually be the better practice' * * * ".

Royal Typewriter Co. v. *Remington Rand, Inc.,* 168 F. 2d, 691 (2 Cir. 1948, L. Hand, J.):

" * * * As a preliminary it is to be observed that the defendant concedes the claims in suit to be valid; a concession we shall accept, although the Supreme Court has held that, when the defendant challenges the validity of claims as well as their infringement, it is better practice to pass on their validity [citing Sinclair & Carroll Co. case]. At first blush it might appear that the situation is the same when validity is conceded, because the reason why we should pass on that question, even though we can dispose of the suit otherwise, is so that invalid claims shall not remain in terrorem of the art. * * * "

Oswego Falls Corp. v. *American Seal-Kap Corp.*, 65 F. Supp. 338, 356 (D. C. E. D., N. Y. 1946, Byers, D. J.):

> "It has seemed proper to consider the question of validity in this case prior to that of infringement, as the teaching of Sinclair & Carroll Co. v. Interchemical Corp., 325 U. S. 327, at p. 330, seems to prescribe.
>
> • • •

In "The Patent in Court Infringement", 11 F. R. D.319, Judge Galston, Eastern District of New York (1951):

> " • • • Moreover it seems to me that in a patent suit, even though non-infringement is found, the plaintiff is entitled to strengthen the presumption of validity if the trial court finds the patent is valid in an action in which the defendant has fully developed the prior art. That has been indicated as the better practice. See the Opinion of Mr. Justice Jackson in Sinclair & Carroll Co. v. Interchemical Corp., 325 U. S. 327, 89 L. ed. 1644. See also Wabash Corp. v. Ross Electric Corp., 2 Cir., 187 F. 2d. 577, 581 • • • ".

Third Circuit

Measurements Corp. v. *Ferris Instrument Corp.*, 159 F. 2d, 590, 592 (3 Cir. Feb. 1947):

> " • • • Although the question of infringement of the Ferris patent was raised, the learned trial judge properly addressed himself to the paramount issue of validity. • • • "

Phillips Petroleum Co. v. *Shell Dev. Co.*, 6 F. R. D. 406, 409 (D. C. D., Del. 1947, Rodney, D. J.):

> "Indeed, in Sinclair Co. v. Interchemical Corporation, • • • it is indicated that where both infringement and validity are in issue, and because validity has the greater public importance, it will 'usually be the better practice' to fully inquire into the validity of the patent".

White v. *Bruce Co.*, 62 F. Supp. 577, 578 (D. C. D., Delaware, Oct. 1945, Leahy, D. J.):

> " * * * for it is not infringement but validity which has the greater public importance" (citing Sinclair & Carroll Co.).

Kenmetal, Inc. v. *American Cut. Alloys, Inc.*, 77 F. Supp. 136, 144 (D. C. D., Del., 1948, Leahy, D. J.):

> "It was said in Sinclair & Carroll Co., Inc. v. Interchemical Corp. * * *, that while some of the lower federal courts in infringement suits dispose of them on the ground of non-infringement it 'will usually be the better practice by inquiring fully into the validity of (the) patent'. This view has been recognized in this circuit [referring to Cridlebaugh v. Rudolph, 3 Cir., 131 F. 2d 795] as well as by this court [citing Booth Fisheries Corp. v. General Foods, etc., 48 F. Supp. 313, and other cases]. But this does not mean that in every case the court is compelled to go into the question of validity. It has been so recognized by two judges of high authority (citing cases)."

Fourth Circuit

Specialty Equip. Corp. v. *Zell*, 96 F. Supp. 904, 910 (D. C. D., Maryland 1951, Coleman, C. J.):

> "But we interpret this statement of the Supreme Court as not laying down a mandatory rule, and we know of no decision of the Supreme Court, or of the Court of Appeals of this or any other Circuit, which has ruled that validity *must* be decided in a case such as the present one".

Same case on appeal, 193 F. 2d, 515 (4 Cir. 1952, Parker, C. J.) ,at page 520:

> "We shall remand the case * * * ; and ordinarily it is only in those cases where, assuming validity, absence of infringement is perfectly clear, that it is desirable to pass upon the question of infringement

without passing also on the question of validity. (Citing Interchemical case.)"

See, however, *Phillips Petroleum Co.* v. *Esso Standard Oil Co.*, 185 F. 2d 672 (4 Cir. 1950).

Sixth Circuit

Pennington Engr. Co. v. *Spicer Mfg. Corp.*, 165 F. 2d, 59, 61 (6 Cir. Dec. 1947, Allen, J.):

> "As to the questions of validity of the patent and non-infringement, the appellee is on surer ground. While the Master made careful and elaborate findings and conclusions, he did not rule upon validity. We deem it our duty to consider this question (citing Interchemical case)."

Palmer v. *Sun Oil Co.*, 78 F. Supp. 38, 55 (D. C. Ohio, 1948, Kloeb, D. J.):

> "Although the foregoing conclusions seem to make it unnecessary to pass upon the question of invalidity, we are admonished by the Supreme Court that 'the better practice usually is for the court to inquire fully into the validity of the patent' (citing Interchemical and Pennington cases) and therefore we deem it proper to discuss this subject."

Estate Stove Co. v. *General Motors Corp.*, 79 Supp. 765, 767 (U. S. D. Ct. S. D. Ohio, W. D. 1948, Nevin, D. J.):

> "Regardless of the question of infringement it is proper always for the District Court to inquire fully into the validity of the patent or patents in suit. In fact, it usually is the better practice to do so (citing Interchemical case). * * *"

Seventh Circuit

Holland v. *American Steel Foundries*, 190 F. (2d) 37, 39 (7 Cir. 1951):

> "This brings us to the question of validity. As we have said, the District Court, though expressing doubt as to validity, made no express finding on that issue.

> The judgment of noninfringement is reversed. The cause is remanded with directions to make appropriate findings upon the issue of validity".

Sunlite Mfg. Co. v. *Clarvan Corp.*, 73 F. Supp. 938, 941 (D. C. E. D. Wisc., 1947, Duffy, D. J.):

> "Although defendant's device does not infringe the claims of the plaintiff's patent, under the admonition of Sinclair & Carroll Co., Inc. v. Interchemical Corp. * * * I must pass upon the validity of the patent in suit."

Ninth Circuit

Helbush v. *Finkle*, 170 F. 2d, 41, 42 (9 Cir. 1948, Judges Garrecht, Mathews and Orr):

> "Usually, where the question of validity is raised in a patent infringement case, the District Court should determine that question before determining the question of infringement (citing Interchemical case). That course should have been followed in this case."

Patterson v. *Roto-Hangar Co.*, 85 F. Supp. 1019, 1021, 1022 (D. C. S. D. Cal., Cent. Div., 1949, McCormick, C. J.):

In this case in order to determine judicially the issue of infringement of a patent, the court said, " * * * to ab initio inquire" into the validity of the patent (citing Interchemical case).

Tenth Circuit

Shaffer v. *Armer*, 84 F. Supp. 613, 619 (D. C. D. Kansas, 2d Div. 1949, Mellott, D. J.):

Among defendant's contentions were: (2) that the patent is invalid by reason of anticipation; (3) that it is invalid for lack of invention; (4) that even if valid and infringed, plaintiff's laches prevents the granting of any relief. The court said:

"The second and third contentions will be considered first. Cf. Sinclair Co. v. Interchemical Corp. * * * ".

Interstate Bakeries v. *General Baking Co.*, 84 F. Supp. 92, 105 (D. C. D. Kansas, 2d Div., 1948, Mellott, D. J.):

"Counsel for both parties urge this court to pass upon all the contentions made and defenses interposed, to the end that the appellate court may be fully informed as to its views in the event of an appeal. It is, of course, true that lower courts have been admonished the 'better practice' is to inquire 'fully into the validity of' the patent rather than to dispose of a suit such as this purely on the ground of noninfringement (citing Interchemical case); * * * ".

In Law Reviews

62 *Harvard Law Reviews* (Patents, etc. (pp. 521, 522), (Notes on Recent Cases) (1948-1949). Referring to *Helbush* v. *Finkle*, 170 F. 2d 41 (9 Cir. 1948):

"The instant case is an extreme extension of a modern tendency away from the earlier cases. This trend has been accelerated by a dictum in Mr. Justice Jackson's opinion in Sinclair Co. v. Interchemical Corp. * * *

"There is no compelling public policy reason for giving the Sinclair dictum a mandatory effect. Since the Government may not independently challenge patent validity except as an alleged infringer * * * ".

61 *Yale Law Journal* (January, 1952), *Gratuitous Findings of Validity: A Judicial Gift to Patentees* (pp. 98, 100):

"Doubtless the Supreme Court has recognized that a decree of invalidity benefits the public. Six years ago, upholding a trial court's invalidation of a patent, it described full inquiry into the issue of validity as usually the 'better practice' in infringe-

ment suits (citing from Interchemical * * *). Many District Courts had avoided declaring patents invalid, disposing of as many cases as they could on the sole ground of non-infringement. The Supreme Court statement encouraged them instead to hold patents both invalid and non-infringed whenever possible. But the ambiguous Supreme Court dictum has received another twist (referring to Interchemical case). Courts have read it as prescribing a declaration of validity where the evidence supports such a finding, even though judgment must go for the defendant on the ground of noninfringement.

A recent Circuit Court decision, Wabash Corp. v. Ross Electric Corp. 187 F. 2d 577 (2 Cir. 1951) focuses the clash of conflicting interpretations. * * * "

Appendix 2

Public Interest Cases

Exhibit Supply Co. v. *Ace Corp.*, 315 U. S. 126, 138 (1942); *United Carbon Co.* v. *Binney Co.*, 317 U. S. 228 (1942); *Hill* v. *Wooster*, 132 U. S. 693, 698 (1890; *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 665, 88 L. ed. 376; *Muncie Gear Works* v. *Outboard Marine & Mfg. Co., et al.*, 315 U. S. 759-768 (1942); *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488, 489, 86 L. ed. 363 (1942); *United States* v. *Univis Lens Co., Inc.*, 316 U. S. 241; 86 L. ed. 1408 (1942); *In re Drawbaugh*, 9 App. D. C. 219, 240 (1896); *Jeffrey Mfg. Co.* v. *Kingsland*, 170 F. 2d, 35 (1949); *Bulldog* v. *Electric Products Co.* v. *Westinghouse Elec. Corp.*, 162 F. 2d 994 (2 Cir. 1947); *Aero Spark Plug Co. Inc.* v. *B. G. Corp.*, 130 F. 2d, 290, 292 (2 Cir. 1942); *Gebhard et. al.* v. *Gen'l Motors Sales Corp., et al.*, 135 F. 2d 248 (U. S. C. App. D. C., 1943); *Dominion Electrical Mfg. Co.* v. *Wiegand Co.*, 126 F. 2d 172, 174 (6 Cir. 1942); *Jacuzzi Bros. Inc.* v. *Berkeley Pump Co., et al.*, 191 F. 2d 632, 635 (9 Cir. 1951); *Picard* v. *United Aircraft Corp.*, 128 F. 2d 632, 638 (2 Cir. 1942); *Palmer* v. *Sun Oil Co.*, 78 F. Supp. 38 (D. C. N. D. Ohio, W. D. 1948); *Philipps Petroleum Co.* v. *Shell Dev. Co.*, 6 F. R. D. 406 (D. C. Del. 1947); *Kendall Co.* v. *Tetley Tea Co., Inc.*, 81 F. Supp. 387 (U. S. D. C. Mass. 1948); *Frank Adam Electric Co.* v. *Colt's Patent Fire Arms Mfg. Co.*, 148 F. 2d, 497, 508 (8 Cir. 1945); *Trott* v. *Cullen*, 86 F. 2d 141, 146 (10 Cir. 1936).

Appendix 3

The following cases show the great confusion existing in all the Circuits prior to the holding in the *Interchemical* case (1945), creating what Judge Clark of the Second Circuit termed "a rather hopeless procedural mess" (*Cover* v. *Schwartz,* 133 F. 2d, 541) and in *Addressograph-Multigraph Corp.* v. *Cooper,* 156 F. 2d, 483, 488 (1946) where he states he "had hoped * * * would be the end of the confusing restrictions * * * which * * * have embarrassed district judges * * * *".

In *Cover* v. *Schwartz, supra,* at page 551, Judge Clark said (commenting on a matter "which should lie easily in the court's discretion"):

> "Compare Richard Irvin & Co. v. Westinghouse Air Brake Co., 2 Cir., 121 F. 2d 429 (decision below reversed in part, since invalidity is moot upon a finding of non-infringement); Hazeltine Corp. v. Emerson Television Radio, Inc., 2 Cir., 129 F. 2d 580 (decision below affirmed on one, or possibly two, of the several grounds upon which it was entered); Aero Spark Plug Co. v. B. G. Corp., 2 Cir., 130 F. 2d 290 (decision below affirmed for non-infringement only, against the objections of Judge Frank); K. Kaufman & Co. v. Leitman, 2 Cir. 131 F. 2d 308 (decision below, of non-infringement alone, affirmed for invalidity alone, it being then unnecessary to decide as to infringement); the present case (the reviewing court lacks jurisdiction which the trial court has); and Franklin v. Masonite Corp., 2 Cir., Dec. 31, 1942, 132 F. 2d 800 (decision below of invalidity and infringement affirmed for non-infringement)."

Numerous other cases in:

52 *Yale Law Journal,* pp. 909-916 (1942-3);
12 *George Washington Law Review* (1942-1943), 107-109;
61 *Yale Law Journal,* pp. 98-104 (Jan. 1952).

Appendix 4

Sec. 2201 of the Declaratory Judgment Act 28 U. S. C.:

> In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such. As amended May 24, 1949, c. 139, 111, 63 Stat. 105.

Section 4888

Sec. 4888 (U. S. C., Title 35, Sec. 33). Before any inventor or discoverer shall receive a patent for his invention or discovery, he shall make application therefore in writing, to the Commissioner of Patents, and shall file in the Patent Office a written description of the same, and of the manner and process of making, constructing, compounding, and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art of science to which it appertains, or with which it is most nearly connected, to make, construct, compound, and use the same; and in case of a machine, he shall explain the principle thereof, and the best mode in which he has contemplated applying that principle, so as to distinguish it from other inventions; and he shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery. * * *.

Rule 52. Findings by the Court

(a) Effect. In all actions tried upon the facts without a jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court.

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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1951

No. 738

THE PATENT SCAFFOLDING CO., INC., a corporation,
Petitioner-Defendant,

vs.

UP-RIGHT, INC., a corporation, and WALLACE J. S. JOHNSON, an individual,
Respondents-Plaintiffs.

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

THE ISSUE BEFORE THE COURT OF APPEALS AND THE QUESTION PRESENTED TO THIS COURT.

The only issue presented to and decided by the Court of Appeals for the Ninth Circuit was whether such Court had jurisdiction of an appeal by defendant-petitioner to review a final judgment of a District Court in a patent infringement suit where such final judgment was wholly favorable to defendant-petitioner (appellant).

Therefore, the only question that can be presented to this Court for review is whether or not the Court of Appeals erred in ruling that it had no jurisdiction of an appeal by the successful litigant to review a final judgment wholly favorable to such appellant and completely disposing of the action.

STATEMENT OF THE CASE.

This case was tried in the District Court as an action at law before a jury. The issues there raised were the validity and infringement of United States Letters Patent No. 2,438,175 for "Portable and Collapsible Scaffolding Unit". A verdict that the said patent was valid and infringed was rendered and judgment was entered on said verdict. Defendant-petitioner filed a motion for judgment notwithstanding the verdict on two grounds:

(1) that the patent was invalid, and

(2) that the defendant-petitioner did not infringe said patent.

The District Court granted said motion for judgment notwithstanding the verdict on the single ground that the defendant-petitioner did not infringe the patent in suit, and entered a judgment for defendant-petitioner dismissing the complaint with costs. Defendant-petitioner thereafter appealed to the Court of Appeals from this favorable judgment, and on a motion to dismiss said appeal filed by plaintiff-respondent, the Court of Appeals for the Ninth Circuit dismissed the same on the ground that an appeal did not lie from such a judgment.

ARGUMENT.

A PARTY LITIGANT MAY NOT APPEAL FROM A WHOLLY FAVORABLE JUDGMENT.

The petitioner herein is requesting this Court to direct the Court of Appeals for the Ninth Circuit to determine a moot question.

The judgment entered by the District Court was wholly favorable to petitioner. It is the universally accepted rule that a party litigant cannot appeal from a favorable judgment.

The Supreme Court of the United States has long recognized this general rule and applied it in all types of litigation. In the case of *Edward G. Lewis v. United States,* 216 U.S. 611, 30 S.Ct. 438, the Supreme Court applied the rule in a criminal case as follows:

> "It thus appears that this is an appeal by a person indicted for crime from an order of the court releasing and discharging him from further prosecution under the indictment. Plaintiff in error could not complain until he was made to suffer (Ohio ex rel. Lloyd v. Dollison, 194 U.S. 445, 48 L.ed. 1062, 24 Sup. Ct. Rep. 703), and when discharged from custody he is not legally aggrieved, and therefore cannot appeal (Com. v. Graves, 112 Mass. 282; Anglo-American Provision Co. v. Davis Provision Co., 191 U.S. 376, 48 L.ed. 228, 24 Sup. Ct. Rep. 93). The indictment having been dismissed, the question as to plaintiff in error's constitutional right to a speedy trial is not involved in such a real sense as to give this court jurisdiction (Lampasas v. Bell, 180 U.S. 276, 45 L. ed. 527, 21 Sup. Ct. Rep. 368) for certain violations of § 5480 of the Revised Statutes, alleged to have been committed on the 1st day of February, 1904. • • •"

In the case of *Lindheimer et al. v. Illinois Bell Telephone Co.*, 292 U.S. 151, 54 S.Ct. 658, 668, the Supreme Court applied the rule in a civil action as follows:

> "The company was successful in the District Court and has no right of appeal from the decree in its favor. The company is not entitled to prosecute such an appeal for the purpose of procuring a review of the findings of the court below with respect to the value of the company's property or the other findings of which it complains. * * *"

A SUCCESSFUL LITIGANT HAS NO APPEAL FROM A FAVORABLE JUDGMENT MERELY BECAUSE SAID JUDGMENT WAS BASED ON ONE GROUND RATHER THAN ANOTHER.

It is obvious that a successful litigant cannot appeal merely for the purposes of having a favorable judgment affirmed on appeal. This Court has many times ruled that a successful litigant cannot appeal merely because a favorable judgment was rendered on one ground rather than another. Clearly, it is not the function or the purpose of an appellate court to decide issues which will have absolutely no bearing or effect on the substantial rights of the parties involved. The Supreme Court of the United States clearly set forth this general principle in the case of *City of New Orleans v. Alphonse Emsheimer*, 181 U.S. 153, 21 S.Ct. 584, as follows:

> "The decree did not injure defendant but sustained its contention, and defendant is in no position to complain that it is aggrieved by its own success. The decree cannot be reversed at its instance because put on one of the grounds it urged rather than another."

One of the main reasons for such a rule is the fact that an answer to the undisposed of issue will in no way alter or affect the judgment. Thus, in substance and effect, the appellate court is called upon to perform an utterly useless act. It was so stated in the case of *Flournoy, Sheriff and Ex Officio Tax Collector v. Wiener et al.*, 321 U.S. 253, 64 S.Ct. 548, as follows:

> "• • • For like reasons we have refused to answer questions certified to us by a lower federal court where it appears that the answer cannot affect the result, United States v. Buzzo, 18 Wall. 125, 129, 21 L.Ed. 812; United States v. Britton, 108 U.S. 199, 207, 2 S.Ct. 531, 536, 27 L.Ed. 698; Lederer v. McGarvey, 271 U.S. 342, 344, 46 S.Ct. 534, 535, 70 L.Ed. 977. See also the rules stated in City of New Orleans v. Emsheimer, 181 U.S. 153, 21 S.Ct. 584, 45 L.Ed. 794; New York Tel. Co. v. Maltbie, 291 U.S. 645, 54 S.Ct. 443, 78 L.Ed. 1041; Lindheimer v. Illinois Bell Tel. Co., 292 U.S. 151, 176, 54 S.Ct. 658, 668, 78 L.Ed. 1182; and in Hirabayashi v. United States, 320 U.S. 81, 85, 63 S.Ct. 1375, 1378, 87 L.Ed. 1774, and cases cited."

THE ISSUE OF VALIDITY OF THE PATENT IN SUIT WAS NOT RAISED BY THE COUNTERCLAIM OF PETITIONER.

The Court of Appeals in its opinion (R. 355-356) reached this conclusion after examination of the counterclaim, and a reading of said counterclaim (R. 21) clearly establishes this fact. The judgment entered in the District Court completely disposed of all issues raised by the counterclaim in a manner wholly favorable to petitioner.

DETERMINATION OF THE ISSUE OF VALIDITY IS UNNECESSARY TO SUPPORT THE JUDGMENT OF THE DISTRICT COURT.

It is a general and well-recognized principle in patent litigation that a Court, in deciding against a patentee-plaintiff, may base the judgment on the grounds that:

(1) the patent in suit is invalid; or

(2) the patent in suit is invalid and not infringed, or

(3) the patent in suit is not infringed.

This general principle is ably set forth in the case of *Cover v. Schwartz,* 133 Fed. (2d) 541 at 544 (C.C.A. 2), as follows:

> "The situation is not like that which often confronts us where infringement and invalidity are both in issue before us. A patentee-plaintiff must, of course, lose unless he proves (a) that his patent is valid and (b) that the defendant has committed acts of infringement. In this respect, he is like a plaintiff in a suit for trespass to land who must prove (a) that he has a right to possession of the land and (b) that the defendant has committed acts of trespass; if he fails to prove either, he must lose. If the court decides against the plaintiff, there is no impropriety in resting the decision on either ground or on both grounds. If, however, a court (a trial court or an appellate court) holds against the plaintiff on either issue, it may not go on to decide the other issue in his favor, since the adverse decision on one of those issues means that there is no case or controversy which justifies a decision in the plaintiff's favor on the other issue. And so in a patent suit: The court, in deciding against a patentee-plaintiff, may, with propriety, hold (1) that his patent is invalid, or

> (2) that the defendant has not committed acts of infringement, or (3) that not only is the patent invalid but also that the defendant has not infringed; • • •"

Unquestionably, in patent litigation, a judgment based on the grounds of noninfringement and dismissing the complaint is wholly favorable to a defendant charged to infringe. Since the petitioner received a wholly favorable judgment, an appeal by such successful litigant will not lie.

There is no conflict between such ruling and the decisions of this Court or between the decisions in the various Courts of Appeal. This Court ruled in the case of *Electrical Fittings Corporation, et al. v. Thomas & Betts Co., et al.*, 307 U.S. 241, 59 S.Ct. 860:

> "A party may not appeal from a judgment or decree in his favor, for the purpose of obtaining a review of findings he deems erroneous which are not necessary to support the decree. • • •"

In the case of *American Seating Co. v. Ideal Seating Co.*, 124 Fed. (2d) 70, the Court of Appeals for the Sixth Circuit, in citing the case of *Electrical Fittings Corporation v. Thomas & Betts Co.*, supra, stated as follows:

> "• • • Perhaps our statement in that case that we are compelled by the holding in Electrical Fittings Corp. et al. v. Thomas & Betts Co., 307 U.S. 241, 59 S.Ct. 860, 83 L.Ed. 1263, to adjudicate validity in cases of non-infringement was too broad. More matured consideration leads to the conclusion that we are not obliged to adjudicate validity in behalf of one not guilty of infringement who has appealed. • • •"

In the case of *Shakespeare Co. v. Perrine Mfg. Co., et al.* (C.C.A. 8) 91 Fed. (2d) 199, the Court stated:

> "Since the trial court, following what we deem the usual and better practice when lack of infringement develops, did not pass upon the validity of the patent in suit, [Irvin v. Buick Motor Co. (C.C.A.) 88 F. (2d) 947], we do not consider the question of validity, because it is not involved here. * * *"

The Court of Appeals for the Ninth Circuit has also followed this rule in the case of *Danforth v. Northill Co., Inc., et al., Northill Co., Inc., et al. v. Danforth,* 142 Fed. (2d) 51, as follows:

> "It is unnecessary to rule on validity where non-infringement is found. L. McBrine Co. v. Silverman, 9 Cir., 121 F. 2d 181; Schnitzer v. California Corrugated Culvert Co., 9 Cir. 140 F. 2d 275."

It is thus seen that not only has this Court, but also the Courts of Appeals for the Second, Sixth, Eighth and Ninth Circuits followed the rule.

PETITIONER MISINTERPRETS AND MISAPPLIES THE LAW IN ITS ATTEMPT TO SUPPORT ITS POSITION BEFORE THIS COURT.

The law cited by the petitioner in its petition on file herein in no way supports the theory presented by petitioner as a basis for the instant appeal. Petitioner refuses to understand the plain language expressing the rule of *Sinclair & Carroll Co., Inc. v. Interchemical Corporation,* 325 U.S. 327, 89 L. Ed. 1644, and also mis-

interprets and misapplies the subsequent cases citing the rule of the *Interchemical* case. This Court in the *Interchemical* case, supra, stated the following:

> "There has been a tendency among the lower federal courts in infringement suits to dispose of them where possible on the ground of non-infringement without going into the question of validity of the patent. Irvin v. Buick Motor Co., 8 Cir., 88 F. 2d 947, 951; Aero Spark Plug Co. v. B. G. Corp., 2 Cir., 130 F. 2d 290; Franklin v. Masonite Corp., 2 Cir., 132 F. 2d 800. It has come to be recognized, however, that of the two questions, validity has the greater public importance, Cover v. Schwartz, 2 Cir., 133 F. 2d 541, and the District Court in this case followed what will usually be the better practice by inquiring fully into the validity of this patent."

The import of this ruling is, as interpreted by the Court of Appeals for the Ninth Circuit, that a ruling on the validity of a patent is more in the nature of "cautionary admonition" (R. 360) than a mandatory direction. In any event, the Court of Appeals properly assumed that the District Court followed the "better practice" in the instant case and apparently was convinced that the patent in suit was not invalid and, consequently, its only recourse was to dismiss the complaint on the single ground of non-infringement. On this point the Court of Appeals said (R. 359):

> "The presumption of regularity which ordinarily attaches to the performance of official duty requires us to assume that the trial court followed the 'better practice'; that when it ruled upon appellant's motion for judgment n.o.v., (fol. 471) it first decided it could not sustain the motion on the ground that the

> patent was invalid, and then found the motion good on the basis of want of evidence of infringement."

The District Court following the "better practice" and after considering the question of validity could not properly adjudge that the patent was valid (and also adjudge non-infringement) because in so doing, it would have violated the rule of the case of *Electrical Fittings Corporation et al. v. Thomas & Betts Co., et al.,* 307 U. S. 241, 59 S.Ct. 860, where this Court said:

> "• • • But here the decree itself purports to adjudge the validity of claim 1, and though the adjudication was immaterial to the disposition of the cause, it stands as an adjudication of one of the issues litigated. We think the petitioners were entitled to have this portion of the decree eliminated, and that the Circuit Court of Appeals had jurisdiction, as we have held this court has, to entertain the appeal, not for the purpose of passing on the merits, but to direct the reformation of the decree."

Petitioner misinterprets the rulings of the Sixth and Seventh Circuits (p. 5, Pet.) wherein it states that the cases of *Pennington Engineering Co. v. Spicer Mfg. Corporation,* 165 Fed. (2d) 59 (6 Cir. 1947), and *Holland Co. v. American Steel Foundries,* 190 Fed. (2d) 37 (7 Cir. 1951), make it mandatory upon a Court to rule upon the validity of a patent. In each of these two cases the District Court held that the defendant did not infringe plaintiff's patent, and an appeal was taken from the ruling of non-infringement by the plaintiff. On the appeal, the Court of Appeals held that it was proper for them to determine the question of validity notwithstand-

ing the fact that there was no cross-appeal directed to the question of validity. Respondent has no quarrel with the rule of the *Pennington* and *Holland* cases because the rule is well established that where a Court of appeals has jurisdiction of an appeal, it can rule upon all issues presented by the record.

The petitioner has given the rule of the *Interchemical*, supra, case shotgun treatment in an attempt to confuse the real issue by citing fragmentary portions of many, many opinions without a statement of the factual situation of each case. In practically every instance it will be found that the Court of Appeals had jurisdiction because of an appeal by an aggrieved litigant. In no case cited by petitioner was there an appeal attempted by a successful litigant as is the position of petitioner herein. It is submitted that the decision of the Court of Appeals for the Ninth Circuit was correct in holding that an appeal does not lie from a judgment wholly favorable to petitioner.

CONCLUSION.

It is respectfully submitted that the Petition for Writ of Certiorari be denied.

Dated, San Francisco, California,
May 7, 1952.

Respectfully submitted,
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IN THE

Supreme Court of the United States

October Term, 1951
No. 738

THE PATENT SCAFFOLDING CO., INC., a corporation,
Petitioner-Defendant,

v.

UP-RIGHT, INC., a corporation, and WALLACE J. S. JOHNSON, an individual,
Respondents-Plaintiffs.

PETITIONER'S REPLY BRIEF

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PETITIONER'S REPLY BRIEF

I.

Respondents' entire argument is directed at supporting the procedural disposition of Petitioner's appeal to the Court of Appeals by summary dismissal thereof. The essence of this argument is that Petitioner was not "aggrieved" by its "own success" in obtaining a judgment in the District Court dismissing the complaint (Br. p. 2), because "such final judgment was wholly favorable to defendant-petitioner" (Br. pp. 1, 10), "completely disposing of the action" (Br. p. 1; see also pp. 3, 7, 11), and "of all issues raised by the counterclaim in a manner wholly favorable to petitioner" (Br. p. 5). That the District Court in its judgment herein, as well as the Court of Appeals in dismissing the appeal therefrom, wholly ignored the validity element challenged both in the Petitioner's answer and counterclaim for a declaratory judgment is sought to be justified by the argument that the lower

court could dispose of this action in Petitioner's favor on either of the two "grounds" urged upon it, invalidity or non-infringement, and that a favorable adjudication on the non-infringement "ground" precluded the Petitioner appealing therefrom, citing and quoting from the cases hereinafter discussed.

The basic fallacy in Respondents' argument, as well as in the reasoning of the Court of Appeals (R. p. 360), arises from a semantic error—equating the word "grounds" for judicial action with the concept of determination of the two "elements" of the controversy in a patent case, to wit, validity and infringement. In actions other than a patent case, a court may finally dispose of the litigation on one or more "grounds" or reasons, and ignore other "grounds" or reasons, urged upon it; but in a sui generis action, a patent case, this Court has held that the validity element, having "the greater public importance", should be determined. The "public" interest in the monopoly granted by a patent gives a right to members of the "public", even when not sued for infringement, to challenge the validity thereof, so that they may "chart their course of future activities", free of "a threat of future litigation". *White et al.* v. *E. L. Bruce Co.* (D. C. Del. 1945) 62 F. Supp. 577, at p. 578; *Densmore* v. *Scofield,* 102 U. S. 375, 378, 26 L. ed. 214, 215, cited and quoted in the dissent of Mr. Justice Black in *Exhibit Supply Co.* v. *Ace Patents Corp.* (1942) 315 U. S. 126, 86 L. ed. 737.

The cases relied on by Respondents are clearly distinguishable. In *Lewis* v. *United States,* a defendant sought to appeal to this Court from a denial of his motion to set aside a *nolle prosequi;* and this Court held him to be not an aggrieved party, for the obvious reason that the indictment was no more. In *Lindheimer et al.* v. *Illinois Bell Telephone Co.,* the telephone company had obtained in the court below all the relief it had sought, to wit, an injunction restraining enforcement of the commission's promulgated rates; and this Court would not permit an appeal to

review a finding as to valuation upon which such favorable judgment was based. In *City of New Orleans* v. *Alphonse Emsheimer,* the judgment of the court below in favor of the appellant sustained its demurrer on the ground that an action in equity on a bond would not lie, and overruled the other ground that the court lacked jurisdiction for absence of diversity of citizenship, from which the City of New Orleans appealed on the jurisdictional question. This Court said, at page 154:

> "Defendant below sought no affirmative relief but simply to defeat the suit. In this it succeeded, and the decree is a bar to another action in equity on this cause of action so long as it stands unreversed."

The Court then said that the City was not "aggrieved by its own success", further pointing out that, if the complainant brought an action at law, and the federal jurisdiction question was raised again,

> "It will be time enough if final judgment or decree passes against defendant in the Circuit Court for the question of jurisdiction to be certified."

In *Flournoy, Sheriff and Ex Officio Tax Collector* v. *Wiener et al.,* the appeal was disposed of because of the appellant's failure to raise the constitutional question properly. The remarks of Mr. Justice Stone, in that case, quoted in Respondents' Brief, had reference to the refusal of this Court to hear an appeal on a constitutional issue where the state court's determination could be sustained on a non-federal issue.

Petitioner does not question the "universally accepted rule" referred to by Respondents (Br. p. 3) but does dispute its application "in all types of litigation", especially in view of this Court's clear admonition in the *Interchemical* case "that of the two questions, validity has the greater public importance", and its approval of the inquiry by the

District Court "fully into the validity of this patent" as "the better practice".

The Court of Appeals thought the "precise question" here presented to be "entirely novel" (R. p. 359). The decision on the procedural feature in *Cover* v. *Schwartz*,—the dismissal by the Court of Appeals of the plaintiff-patentee's appeal from the judgment of the District Court that the patent was both invalid and non-infringed, when the plaintiff conceded in the Court of Appeals that the patent was not infringed,—was based, as stated by Judge Frank, largely on the constitutional inhibition on the Court of Appeals passing, at the instance of the patentee, on whether or not the patent was valid in the absence of a remaining controversy. But there is no such constitutional inhibition on a member of the public offended by an outstanding patent to ask for relief by declaratory judgment or otherwise, that the patent is invalid (*Altvater* v. *Freeman*, 319 U. S. 359, 87 L. ed. 1450; *White et al.* v. *E. L. Bruce Co.* (D. C. Del. 1945), 62 F. Supp. 577, at p. 578).

Petitioner in this action had put itself in that position by interposing a counterclaim for a declaratory judgment "invalidating the patent in suit, even though non-infringed" (R. pp. 21-22), thereby placing the validity element in issue. (The *Electrical Fittings* case did not contain a counterclaim).

The brushing aside, both by Respondent (Br. p. 5) and by the Court of Appeals (R. pp. 357-358), of Petitioner's counterclaim for a declaratory judgment of the patent's invalidity is wholly unjustified. The allegations in the counterclaim, when taken in conjunction with the rest of the answer set forth the essential ultimate facts coupled with a clear prayer for the relief that the patent be declared invalid "even though non-infringed" (R. pp. 21-22). (Compare Official Form No. 16, in which the allegations are not much more elaborate in an infringement action, and consider paragraphs "7" and "8" of the counterclaim (R. p. 21) as

a sufficient basis for declaratory relief as to invalidity). In any event, the evidence in the record as to invalidity was sufficient to warrant conforming the counterclaim allegations to the proof. The Petitioner was, therefore, entitled to a determination by the District Court on its counterclaim adjudging invalidity of Respondent's patent. *Altvater* v. *Freeman, supra; General Electric Co.* v. *Marvel Rare Metals Co.*, 287 U. S. 430, 77 L. ed. 408.

The Court of Appeals should at least have remanded the case to the District Court to correct the judgment by (1) including a determination as to the sufficiency of the counterclaim and of the proof in support thereof, and (2) denying the injunctive relief sought in the counterclaim, from which corrected judgment an appeal could and would be taken.

In either event, Petitioner was an "aggrieved party" entitled to be heard in the Court of Appeals, and an "aggrieved party" in this Court by reason of the summary dismissal of its appeal by the Court of Appeals.

On a motion for judgment n. o. v. asserting invalidity and non-infringement, in which judgment for only non-infringement is concluded, such judgment does not completely dispose of the motion, and in no sense is wholly favorable to the moving party, because rendered for only one-half of the action. Such judgment should have been on the entire controversy.

II.

An invalid patent cannot be infringed. But a valid patent may be either infringed or not. There is no alternative. Hence, a judgment of non-infringement without a determination of the validity of the patent is in no sense of the words, "wholly favorable" to a defendant. The answer to the question: Has the defendant infringed the patent? can only be by imposing upon the word "'patent", a stamp of validity by first determining, and not assuming, the patent to be valid. Only by scrutinizing the patent to

ascertain whether the claim is in exact accordance with the alleged invention, and whether that alleged invention is a patentable invention, can it be determined whether a defendant has taken the invention claimed. (Merwin on Patentability of Inventions, 1883 ("The Test of what is not Invention" p. 18), and Curtis on The Law of Patents (1874) Fourth Edition ("Preliminary Observations", p. XXXV). We submit that the requirement of the *Interchemical* case, to determine the validity, is entirely sound.

May 19, 1952.

Respectfully submitted,

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